

A close-up photograph of a cannabis plant with green serrated leaves and developing buds. A person's arm, wearing a blue nitrile glove, is visible on the right side, holding the plant. The background is a blurred field of similar plants.

Utah Department of Agriculture & Food Medical Cannabis Program

**Natural Resources, Agriculture, and Environmental Quality
Appropriations Committee**

June 15, 2021

Partnership Between UDOH & UDAF

Emails

Monthly Meetings

Weekly Meetings

Sharing of Information

Agency Position Discussions

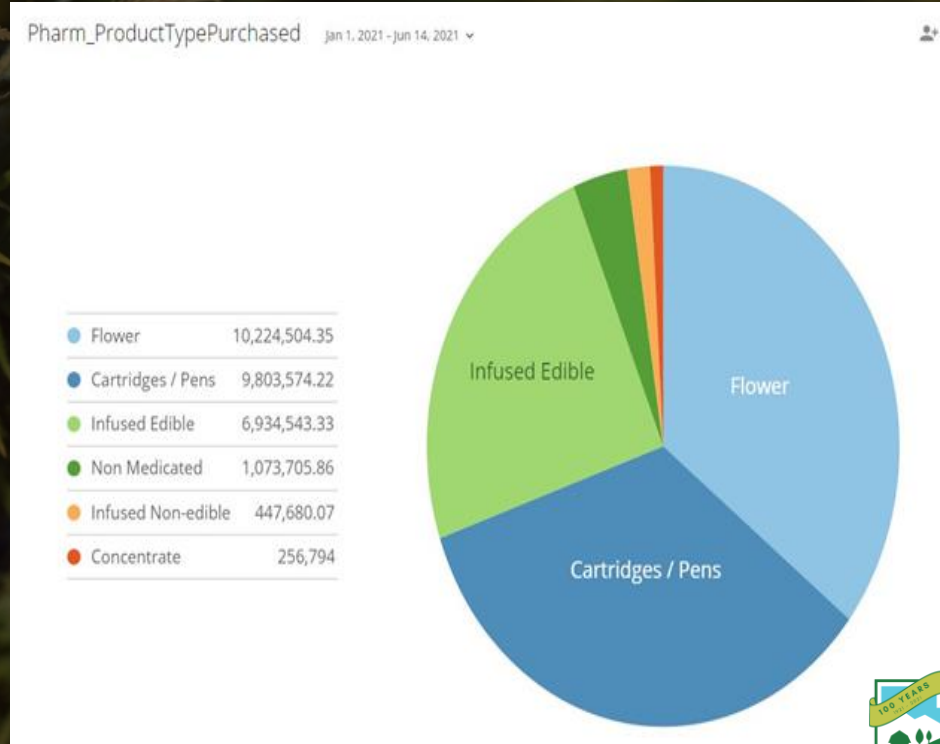
Reporting Data

- 4-41a-802. Report to the Health and Human Services Interim Committee
- Production amounts & inventory changes daily
- Proprietary information.
- Failed Q/A test leads to investigations
- Priority
- GRAMA requests

Production

- Cultivation
 - March 20 to Jan 21: 24,030 lbs
 - 2021 23,869 lbs of biomass sent to processors
- Samples
 - Feb. 20 to Feb. 21: 984 samples
 - Currently - 2,045 Medical Samplings
 - 54 samples failed

Supply



Bottlenecks

Lab:

- 1 licensed 3rd party lab
- Equipment needs
- Recent legislative changes

MJ Freeway:

- Changing sub-units
- Large lots
- General bugs
- Turnover

FY21 Budget

UDAF Regulatory:
\$540,889.00

UDAF Lab:
\$525,973

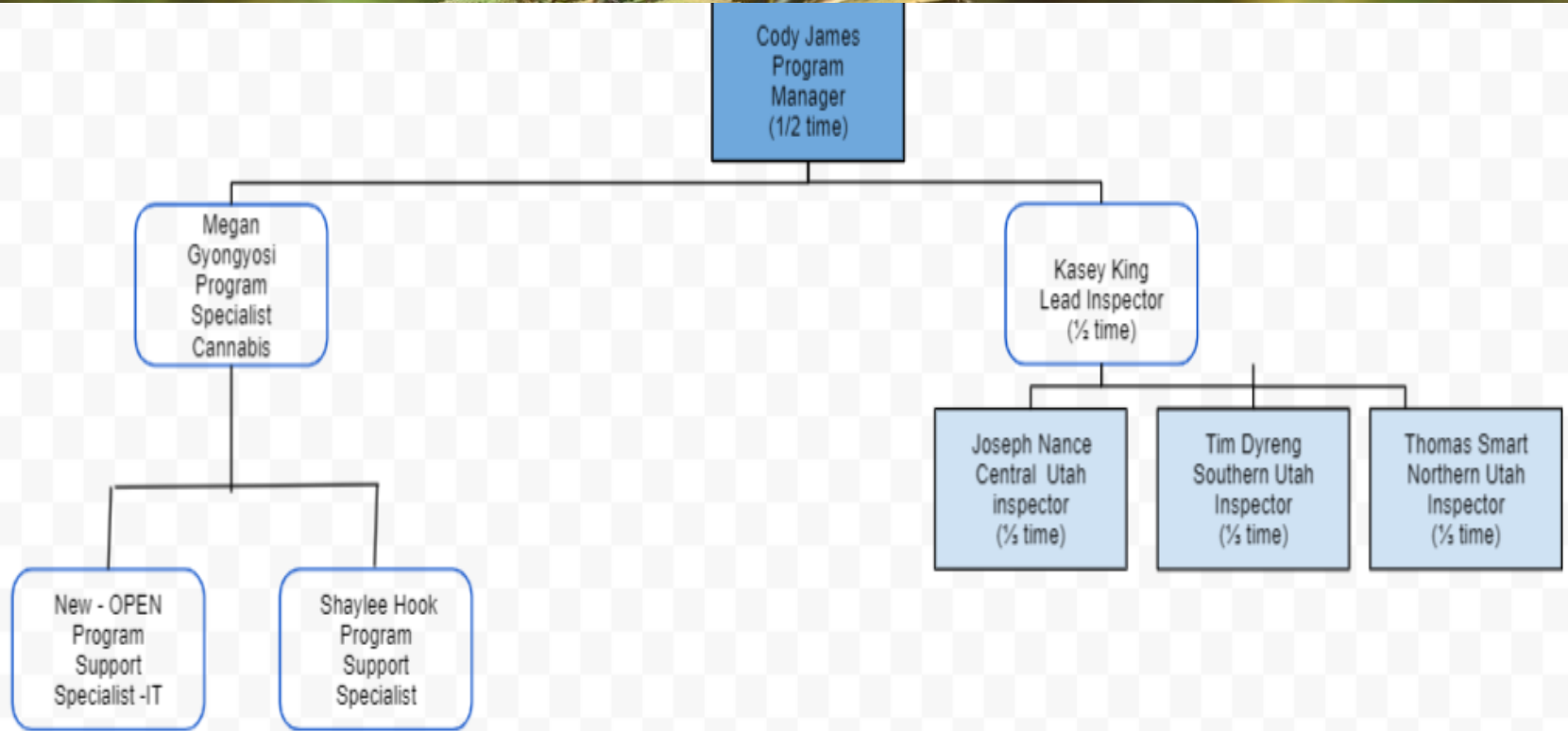
FY22 Budget

UDAF Regulatory:
\$857,000

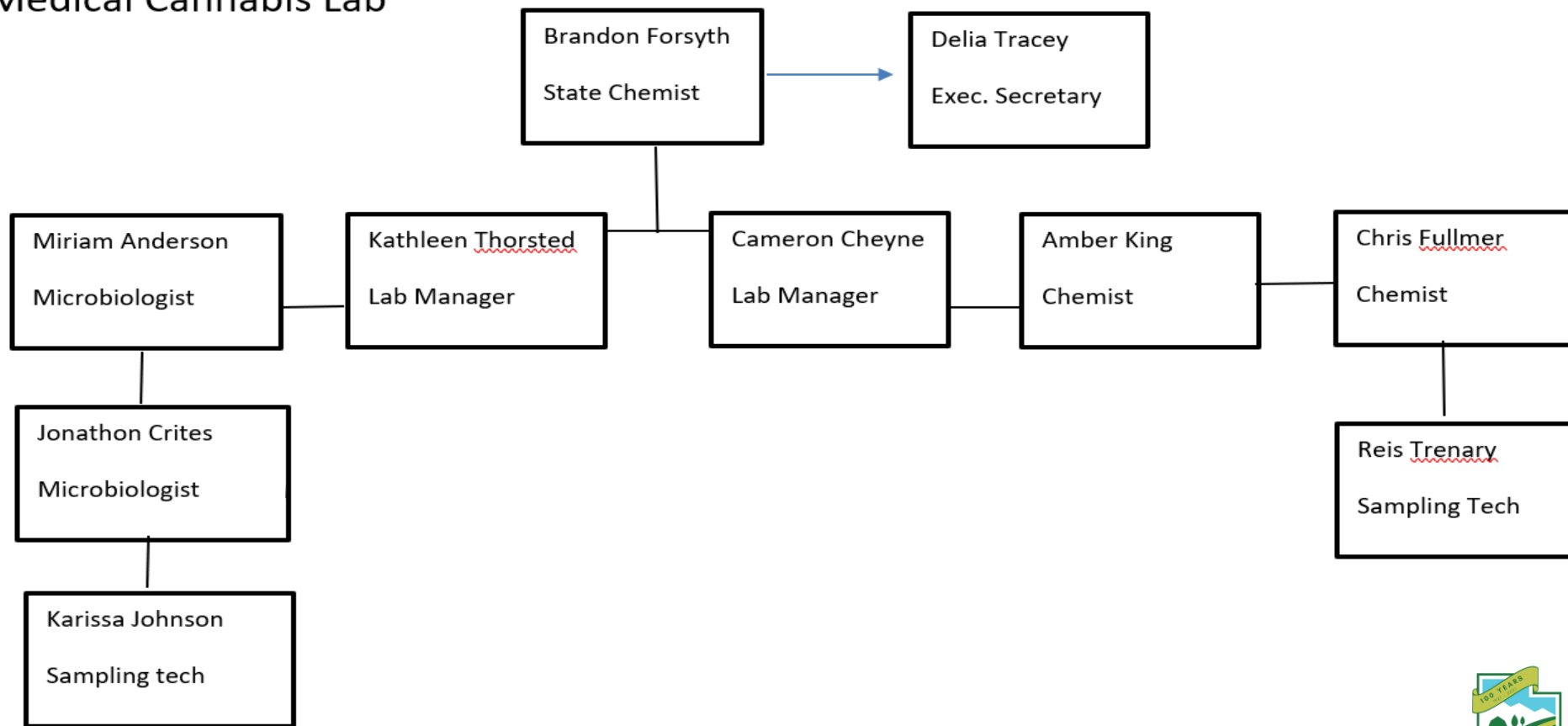
UDAF Lab:
\$527,500 ongoing & \$302,000
one time

*The increase is tied to increased FTEs

UDAF Medical Cannabis Team



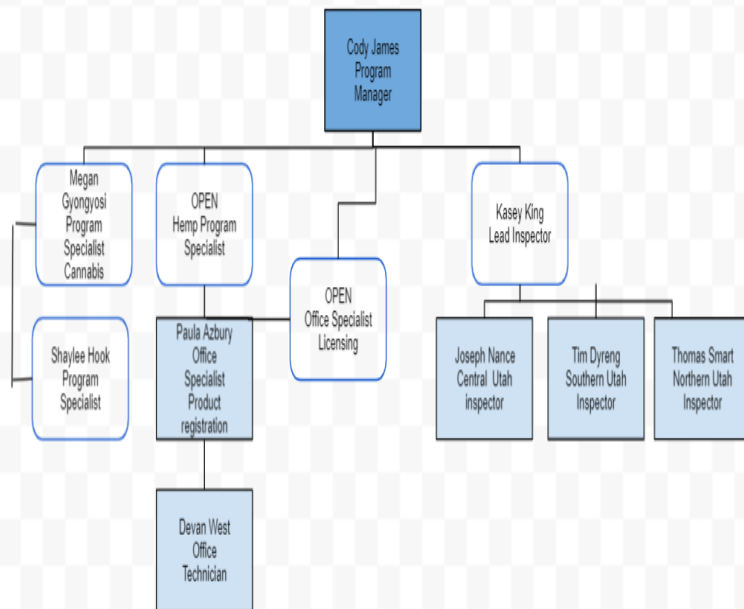
Medical Cannabis Lab



Cannabis & Hemp Regulators

Regulated Entities

Cannabis & Industrial Hemp



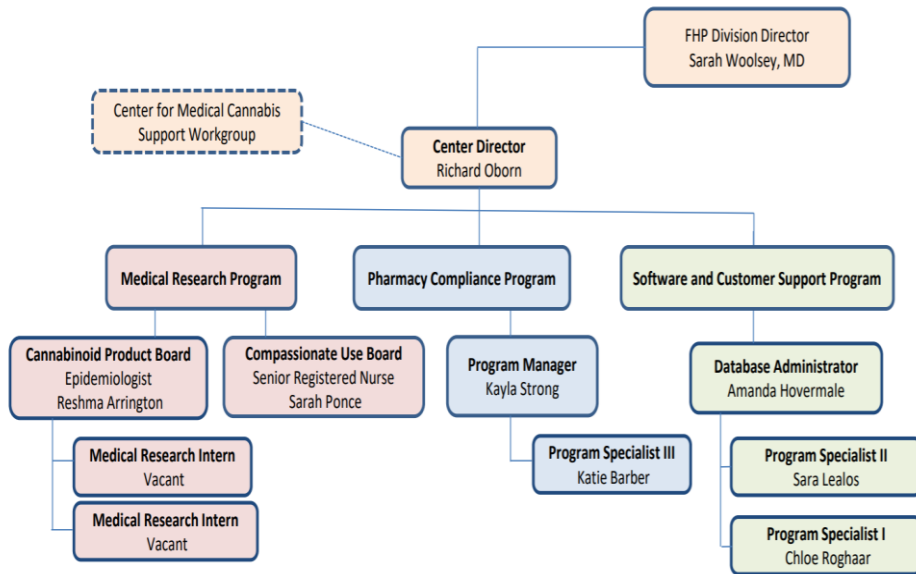
Medical Cannabis Growers - 8
Medical Cannabis Processors - 14
Medical Cannabis Labs - 1
Medical Cannabis Products at 14 pharmacies
Industrial Hemp Growers - 125
Industrial Hemp Processors - 92
Industrial hemp Retailers - 1250
Industrial Hemp Products - 2858

Current / 10 FTE

UDOH Team Members Proposed / 15.5 FTE



Center for Medical Cannabis Organizational Chart
May 2021



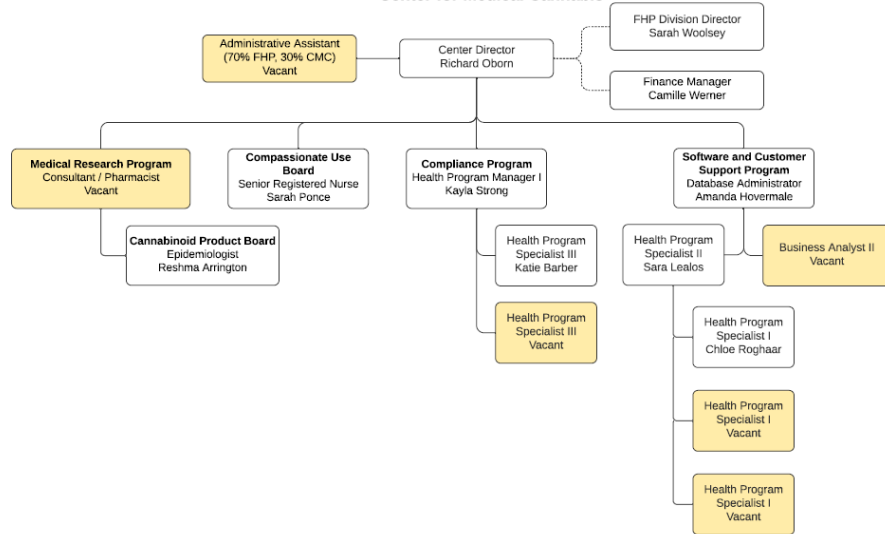
Center for Medical Cannabis Support Workgroup

AAG: Stephanie Saperstein

DTS: Mark Casper

Finance: Camille Werner (Finance Manager full-time employed by OFO to support our program)

Utah Department of Health
Center for Medical Cannabis



Reality

- 15 cultivation inspections
- 10 processor inspections
- 5 label inspections
- 21 warning letters
- 12 citations
- 5 investigations

Concerns

- Flower supply is low
- Hemp waste transfer
- Product prices are too high
- Labs take too long
- Too many processors
- Recreational vs. Medical

Program Direction

- Initial goal of program
- Needs:
- Medical product sampling:
- Processor inspections
- Medical Failed Quality Testing
- Destruction
- Lack the manpower

Cole Memorandum

- Avoiding distribution of marijuana to minors.
- Prevent criminals from profiting off marijuana.
- Stopping marijuana from crossing state lines.
- Eliminate illegal activity & drug sales under the cover of state sanctioned marijuana sales.
- Remove guns & violence from the system of marijuana cultivation and distribution.
- Eliminating driving under the influence & other marijuana-related negative public health outcomes.
- Keeping marijuana cultivation, possession, & use off public property.

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UDAF Medical Cannabis Program Questions



UTAH DEPARTMENT OF
HEALTH

Center for Medical Cannabis

UDOH Medical Cannabis Partnership Presentation

**Natural Resources, Agriculture, and
Environment Interim Committee**

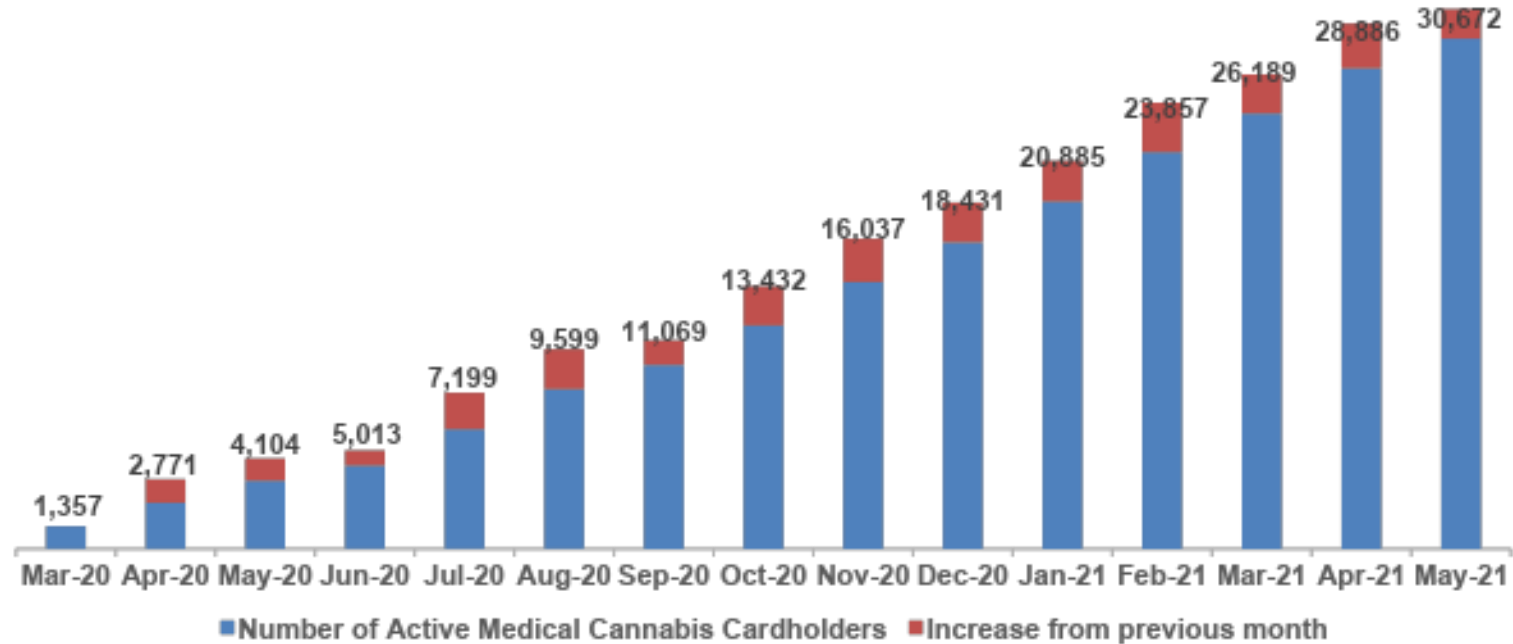
June 15, 2021

Presented by
Richard Oborn, MPA
Director, Center for Medical Cannabis, Utah Department of Health

DEMAND INCREASE



Active Medical Cannabis Cardholders



PROJECTED REVENUES



	Projected FY 2021	Projected FY 2022	Difference	% Difference	Explanation
Pharmacy Transaction Fees	\$746,000	\$1,620,000	\$874,000	54%	All pharmacies did not open until the final month of FY 2021. Home delivery launched during final 6 months of FY 2021.
Pharmacy Licensing Fees	\$853,718	\$903,718	\$50,000	6%	
Pharmacy Application Fees	\$0	\$50,000	\$50,000	100%	No applications accepted in FY 2021.
Interest Income - Restricted	\$14,966	\$14,966	\$0	0%	
Patient Card Fees (Initial Registration)	\$500,863	\$225,000	-\$275,863	-123%	Number of initial applications will decrease in FY 2022.
Caregiver Card Fees	\$22,461	\$10,238	-\$12,223	-119%	Number of initial applications will decrease in FY 2022.
Guardian & Patient Renewal Card Fees	\$254,842	\$693,000	\$438,158	63%	Number of renewal applications will increase in FY 2022.
Qualified Medical Provider Fees	\$28,500	\$19,550	-\$8,950	-46%	Number of initial QMP applications will decrease in FY 2022.
Pharmacy Medical Provider Fees	\$4,050	\$2,100	-\$1,950	-93%	Number of initial PMP applications will decrease in FY 2022.
Pharmacy Agent Fees	\$13,700	\$4,600	-\$9,100	-198%	Number of initial agent applications will decrease in FY 2022.
Courier Licensing Fees	\$7,500	\$13,000	\$5,500	42%	Number of initial courier applications will decrease in FY 2022.
Courier Agent Fees	\$2,700	\$0	-\$2,700	100%	Number of initial courier agent applications will decrease in FY 2022.
Total Projected Revenue	\$2,449,300	\$3,556,172	\$1,106,872	31%	

PROJECTED EXPENSES



	Projected FY 2021	Projected FY 2022	Difference	% Difference	Explanation
UDOH Personnel	\$871,861	\$1,668,113	*\$796,252	48%	Adding 5.5 FTE including a pharmacist in FY 2022.
Electronic Systems	\$1,117,252	\$834,770	-\$282,482	-34%	Initial expenses charged in FY 2021 are not charged in FY 2022.
Travel	\$1,500	\$15,700	\$14,200	90%	COVID caused decrease in travel.
Misc Expenses	\$146,506	\$171,506	\$25,000	15%	Adding more employees.
DTS Support	\$1,763	\$2,500	\$737	29%	Adding more employees.
Legal, Office Maintenance, Insurance	\$103,571	\$133,571	\$30,000	22%	Adding more employees.
Total Projected Expenses	\$2,242,453	\$2,826,160	\$583,707	21%	

*The 48% increase in UDOH personnel expense is necessary to ensure that this self-sustaining program serves the legislative intent of this office. Additional personnel are needed in FY 2022 to:

- ensure excellent customer service is provided to a rapidly growing number of customers;
- carry out additional program duties mandated under SB 121 (2020 Session) and SB 170 (2021 Session);
- augment the evaluation of this medical program in partnership with University researchers; and
- support responsible fiscal management with increased analyst oversight.

PROJECTED BUDGET



	Projected FY 2021	Projected FY 2022	Difference	% Difference
Total Projected Revenue	\$2,449,300	\$3,556,172	\$1,106,872	31%
Total Projected Expense	\$2,242,453	\$2,826,160	\$583,707	21%
Total Projected Profit	\$206,847	\$730,012	\$523,165	72%

Plans for use of future profit

1. Reimburse legislature \$100K of \$4.5 million loan during FY 2022. Loan is due to be paid by FY 2026
2. Cover cost of implementing future legislation
3. Fund medical research on cannabis use
4. Conduct surveillance projects on cannabis use
5. Begin public safety education on cannabis use
6. Implement an adverse event reporting system

QUESTIONS?



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Learn more at medicalcannabis.utah.gov